DERRIMON
TRADING CO. LTD.

FINANCIAL RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

Consolidated Net Profit of $180.545M

Consolidated Statements of Derrimon Trading Company Limited

Report to Stockholders
Nine (9) months ended September 30, 2018

The Board of Directors is pleased to report the unaudited results of the Company for the Nine (9) months ended September 30, 2018 and to report on the performance of the Group.

Company Update

- DTL acquired 100% shareholding and assets of Woodcats International Limited on September 6, 2018. The full financial impact will be reflected in the December quarter financial reporting.

- Effective September 3, 2018 the Company was appointed by SM Jahleel and Company Limited as the exclusive distributor of its range of products including Busta, Fruta, Fruta Kool Kids, Turbo and Viva brands of soft drinks and juices in the Jamaican market.

Financial Highlights

- **Consolidated Net Profit of $180.545M**
- **Consolidated Earnings Per Stock unit of $0.66, an increased from $0.48**
- **Consolidated Revenue of $6.340B**
- **Consolidated Gross Profit of $1.134B**

The Nine months results reflect revenue from core activities of $6.010 billion which is $1.392 billion or 30.14% over the $4.618 billion reported for the corresponding Nine (9) months period in 2017. With the addition of the subsidiary's contribution, the consolidated revenue for this Nine (9) months period was $6.340 billion or 28.80% above the $4.922 billion reported for the prior period in 2017. The result reflects the first month of revenue from the new SM Jahleel Distribution agreement but excluded the 23 days revenue from Woodcats International Limited.

For this three (3) months period ending September 2018, core revenue generated was $2.180 billion representing a growth of $405.12 million or 22.83% over the similar reporting period in 2017.

Traditionally, the third quarter has always been the quarter in which the Company experienced its slowest growth due to the seasonality of consumer spending during the summer months. Notwithstanding this observation, the Company experienced growth in its full business during the nine (9) months period. The road construction at Marcus Garvey Drive has adversely affected the operations of the Sampars store and the Distribution Centre based at this location. Through proper planning and execution on the part of our dedicated staff we have managed to limit the financial losses of this disruption.

During this quarter, we experienced steady growth in our revenue in both the distribution and retail segments of the business. With the addition of the new line of SM Jahleel products during the month of September, we were very encouraged by the execution of the team and acceptance of the brand by our various partners. Our ability to respond to our customers' needs on a timely basis along with improvement in our logistics and distribution in both segments of the business, remains some of our critical success factors. We remain committed to the continuous improvement of the business as we implement our strategic business plan.

Gross profit from core operations reported for the nine (9) months period was $1.005 billion which represents a $189.12 million or 23.18% increase above the $816.04 million reported for the same period in 2017. This continues to reflect a combination of improvement in margins arising from strategies employed within both the distribution and retail segments, the positive impact from culling some products from the distribution portfolio, improved margins from growth of the supermarket portfolio and the impact of the one month performance of the new beverage distribution portfolio.

Gross profit generated from core activities for the third quarter ending September 30, 2018 was $357.64 million which was $36.86 million or 11.49% better than the $320.79 million reported in the similar period in 2017. The consolidated gross profit for the nine (9) months period was $1.134 billion which was $194.59 million or 20.72% above the $939.22 million reported for the comparative period last year.

Operating expenses from core activities for the nine (9) months period was $815.60 million representing an increase of $161.78 million or 24.74% over the $653.81 million reported for the same period in 2017. For the three (3) months ending September, core operating expenses was $301.58 million which was $52.80 million or 21.23% above the expenses incurred for the similar period in 2017. The major factors for this increase were, the full impact for the quarter of utilities and its repricing due to the adverse movement in the foreign exchange rate, repricing of the US dollar denominated rent, increased distribution costs (contract trucking cost, staff cost, warehouse cost, and insurance for the new SM Jahleel portfolio), cost associated with the full negotiation and acquisition of Woodcats International Limited, marketing and advertising, internal and external audit fees.

Finance charges from core activities for the nine (9) months period was $116.39 million up by $12.39 million or 11.92% from the $104 million reported at the end of September 30, 2017. For the three (3) months ending September 30, 2018, the finance cost was $43.05 million which was $8.23 million or 16.05% improvement over the $51.28 million reported for the similar quarter in 2017. Strategies to reduce this aspect of our Company's cost continue to be implemented and the associated savings are being realized on an ongoing basis in the short to medium term. The funding associated with the acquisition of Woodcats International Limited and the associated interest cost impacted the finance charges during this quarter.

Net Profit recorded for the nine (9) months period from core business was $110.24 million representing a $19.83 million or 21.94% increase over the $90.41 million reported for the corresponding period in 2017. For the three (3) months ending September 30, 2018 core operations generated net profit of $32.45 million which was $5.22 million or 19.16% above the $27.23 million reported for the similar period in 2017. The consolidated net profit earned for this reporting period was $180.55 million, an increase of $48.99 million or 37.24% over the $131.56 million reported.

The Non-current assets of the company increased by $576.13 million which is reflected in Investment in subsidiary and represents the consideration made for the acquisition of Woodcats international during this reporting period.

Total assets less current liabilities from core activities was at $1.947 billion which represents growth of $165.74 million or 9.30% when compared to the $1.782 billion reported for the similar period last year.

The consolidated total assets less current liabilities was $2.180 billion which grew by $169.24 million or 8.42% when compared to the $2.011 billion reported for similar quarter in 2017.

We thank our employees for their commitment and dedication during this reporting period and to our shareholders, customers and other stakeholders for their support as we continue to expand our business and bring greater value to all parties.

Derrick Cotterell
Chairman/Chief Executive Officer

Consolidated Net Profit of $180.545M

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Derrimon Trading Company Limited
Statement of Profit and Loss & Comprehensive Income
Nine Months Ended September 30, 2018

Revenue	Notes	Company Unaudited Derrimon Three months ended September 30 2018 $'000	Company Unaudited Derrimon Three months ended September 30 2017 $'000	Company Unaudited Derrimon Nine months ended September 30 2018 $'000	Company Unaudited Derrimon Nine months ended September 30 2017 $'000	Group Unaudited Consolidated Nine months ended September 30 2018 $'000	Group Unaudited Consolidated Nine months ended September 30 2017 $'000	Company Audited year ended December 31 2017 $'000	Group Audited year ended December 31 2017 $'000
Trading Income	3h	2,179,906	1,774,790	6,010,025	4,618,278	6,339,594	4,921,990	6,346,526	6,723,810
Less cost of sales		1,822,264	1,454,003	5,004,869	3,802,240	5,205,785	3,982,768	5,162,896	5,388,010
Gross Profit		357,642	320,787	1,005,156	816,038	1,133,809	939,222	1,183,630	1,335,800
Other Income		19,428	6,493	37,076	32,185	43,754	17,850	38,562	257,128
		377,070	327,280	1,042,232	848,223	1,177,563	957,072	1,222,192	1,592,928
Less operating expenses:									
Administrative		249,480	223,717	691,643	574,737	757,965	639,206	923,899	1,005,566
Selling & distribution		52,098	25,058	123,953	79,077	127,688	82,000	131,229	135,665
		301,578	248,775	815,596	653,814	885,653	721,206	1,055,128	1,141,231
Operating profits/ (loss) before finance charges		75,492	78,505	226,636	194,409	291,910	235,866	167,064	451,697
Less : finance cost		(43,046)	(51,277)	(116,394)	(104,001)	(111,365)	(104,308)	(169,098)	(169,901)
Gain on acquisition of								206,349	
Profit before taxation		32,446	27,228	110,242	90,408	180,545	131,558	204,315	281,796
Taxation (Estimated)	4	-	-	-	-				-
Net Profit		32,446	27,228	110,242	90,408	180,545	131,558	204,315	281,796
		-	-	-	-	-	-		
Other comprehensive income									
Non-controlling interest						(26,701)	(21,593)	-	(29,427)
Reversal of deferred taxation		-	-	-	-	-	-	-	-
Increase in revaluation		-	-	-	-		-	-	-
Total comprehensive income		32,446	27,228	110,242	90,408	153,844	109,965	204,315	252,369
* Earnings per stock unit	5	0.01	0.01	0.04	0.03	0.06	0.04	0.07	0.09

* **Restated due to stock split of 10:1 approved on August 22, 2018**

Statement of Financial Position
Nine Months ended September 30, 2018

	Notes	Company Unaudited Derrimon Nine Months ended September 30 2018 $'000	Company Unaudited Derrimon Nine Months ended September 30 2017 $'000	Group Unaudited Consolidated Nine months ended September 30 2018 $'000	Group Unaudited Consolidated Nine months ended September 30 2017 $'000	Company Audited year ended December 31 2017 $'000	Group Audited year ended December 31 2017 $'000
ASSETS							
Non-current assets:							
Fixed Assets	3f	420,104	202,173	442,870	218,287	371,557	387,007
Goodwill	7 (d)	33,220	33,220	33,220	33,220	33,220	33,220
Intangible	7(a)		-	239,239	312,485		256,523
Investment in Subsidiary	7(a)	796,922	438,720	358,203	-	438,720	-
Current assets:							
Receivables and prepayments		973,319	887,107	1,053,465	937,126	820,408	887,212
Inventories		965,225	903,612	1,096,781	996,329	710,595	795,551
Related parties		-	-	-	-		
Investment		114,569	9,076	311,396	140,868	124,362	256,976
Cash & bank		160,774	99,550	185,330	193,076	177,140	265,521
Tax recoverable		-	-	5,936	1,670		5,209
		2,213,887	1,899,345	2,652,908	2,269,069	1,832,505	2,210,469
Current Liabilities:							
Payables		895,421	546,626	924,921	576,917	780,475	791,036
Short term loans		-	-		-	29,975	29,976
Current portion of long term		621,413	211,674	621,413	211,674	256,527	258,766
Bank overdraft			33,601	-	33,601	17,949	17,949
		1,516,834	791,901	1,546,334	822,192	1,084,926	1,097,727
Net current assets		697,053	1,107,444	1,106,574	1,446,877	747,579	1,112,742
Total assets less current liabilities		1,947,299	1,781,557	2,180,106	2,010,869	1,591,076	1,789,492
Equity							
Issued capital		140,044	140,044	140,044	140,044	140,044	140,044
Non-controlling interest		-	-	160,946	142,260	-	171,107
Retained earnings		661,730	456,715	725,068	488,113	570,622	590,357
Investment revaluation reserve		614	171,206	614	171,206	614	614
Treasury stock-realize gain			74,861		120,136	-	
Capital Reserve		133,053	57,503	133,053	57,503	133,052	133,053
		935,441	900,329	1,159,725	1,119,262	844,332	1,035,175
Non Current Liability:							
Borrowings		1,011,858	881,228	1,020,381	891,607	746,744	754,317
		1,011,858	881,228	1,020,381	891,607	746,744	754,317
Total equity and non-current liabilities		1,947,299	1,781,557	2,180,106	2,010,869	1,591,076	1,789,492

Approved for issue by the Board of Directors on November 14, 2018 by:

Derrick Cotterell
Chairman

Ian Kelly
Director

Derrimon Trading Limited
Company Statement of change in Shareholders' Equity
Nine Months Ended September 30, 2018

	Share Capital	Retained Earnings	Investment Revaluation Reserve	Treasury stock-realized gain	Capital Reserves	Total
Balance at 31 December 2016	140,044	366,306	614		57,503	564,468
Total comprehensive income	-	90,408	-		-	90,408
Adjusted for stock re-sale						-
Gain on stock sales				74,861		74,861
Non-controlling interest						-
Revaluation in associated company			170,592			170,592
Balance at September 30, 2017	140,044	456,715	171,206	74,861	57,503	900,329

	Share Capital	Retained Earnings	Investment Revaluation Reserve	Capital Reserves	Total
Balance at 31 December 2017	140,044	570,622	614	133,053	844,333
Total comprehensive income	-	110,242	-	-	110,242
Non-controlling interest					-
Ordinary dividends		(19,134)			(19,134)
Balance at September 30, 2018	140,044	661,730	614	133,053	935,441

Derrimon Trading Limited
Group Statement of change in Shareholders' Equity
September Months Ended September 30, 2018

	Attributable to the Company's Shareholders						
	Share Capital	Retained Earnings	Investment Revaluation Reserve	Treasury stock realized gain	Capital Reserves	Non-controlling interest	Total
Balance at 31 December 2016	140,044	366,306	614		57,503		564,467
Total comprehensive income	-	109,965	-		-	9,897	119,862
Adjustment for stock re-sale		11,842		45,275		40,180	97,297
Gain on stock sales				74,861			74,861
Non-controlling interest						92,183	92,183
Revaluation in associated company			170,592				170,592
Balance at September 30, 2017	140,044	488,113	171,206	120,136	57,503	142,260	1,119,262

	Share Capital	Retained Earnings	Investment Revaluation Reserve	Treasurystock realized gain	Capital Reserves	Non-controlling interest	Total
Balance at 31 December 2017	140,044	590,357	614	-	133,053	171,107	1,035,175
Total comprehensive income	-	153,844	-		-	26,701	180,546
Non-controlling interest		-				-36,862	(36,862)
Ordinary dividends	-	(19,134)	-	-	-	-	(19,134)
Balance at September 30, 2018	140,044	725,068	614	-	133,053	160,946	1,159,725

Derrimon Trading Limited
Company Statement of Cash flows
Nine Months Ended September 30,2018

	Note	9 Months ended September 30,2018 $'000	9 Months ended September 30,2017 $'000	Company Audited December 31, 2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net profit		110,242	90,408	204,315
Adjustments for:				
Depreciation		36,170	9,338	48,854
Share of profit of associated company		-	-	
Capital reserves		-		(689)
Investment revaluation		-		37,138
Interest income		-		(451)
Finance costs		116,394		169,098
		262,806	99,746	458,265
Changes in non-cash working capital components:-				
Decrease/(Increase):				
Receivables		(152,911)	(85,822)	(139,749)
Prepayments				120,619
Inventory		(254,630)	2,213	195,231
Related Company		-	834	834
Increase/(Decrease):				
Payables		132,895	(225,406)	8,443
		(274,646)	(208,435)	185,378
Cash generated by/ (used in) operations		(11,840)	(208,435)	643,643
Finance costs		(116,394)	-	(169,098)
Net funds provided by/(used in) operating activities		(128,234)	(208,435)	474,545
CASH FLOWS FROM INVESTING ACTIVITY:				
Interest income			-	451
Investments		9,793	3,101	(112,184)
Investments in associate		(358,203)	1,337	(244,116)
Goodwill		-	(18,000)	(18,000)
Realised gain on disposal of shares				39,103
Acquisition of property, plant and equipment		(84,717)	(16,705)	(244,283)
Net cash used in investment activities	-	(433,127)	(30,267)	(579,030)
Financing activities:				
Loans received during the period		1,035,371	489,900	356,777
Dividends paid		(19,134)		
Loans repayments		(453,293)	(286,443)	(194,296)
Net cash provided by financing activities		562,944	203,457	162,481
Net (decrease)/ increase in cash balances		1,583	(35,245)	57,996
Net cash balance at beginning of period		159,191	101,194	101,194
Net cash balance at end of period		160,774	65,949	159,191
Represented by:				
Cash & cash equivalents		160,774	99,550	177,140
Bank overdraft		-	(33,601)	(17,949)
Net cash and cash equivalents at end of period		160,774	65,949	159,191

Derrimon Trading Limited
Group Statement of Cash flows
Nine Months Ended September 30,2018

	Note	9 Months ended September 30,2018 $'000	Group Audited year ended December 31, 2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		153,844	252,369
Adjustments for:			
Depreciation		38,900	51,852
Investment revaluation			37,135
Capital reserve			(689)
Interest income			(9,210)
Finance cost		111,365	169,908
		304,109	501,365
Changes in non-cash working capital components:-			
Decrease/(Increase):			
Receivables & prepayments		(166,253)	(154,112)
Inventory		(301,230)	189,451
Related Company		-	834
Taxation recoverable		(727)	
Short term Investment		(54,420)	(154,495)
Prepayments		-	121,141
Payables		133,885	19,027
		(388,745)	21,846
Finance cost		(111,365)	(169,098)
Net funds provided by/(used in) operating activities		(196,001)	354,113
CASH FLOWS FROM INVESTING ACTIVITY:			
Interest income		-	9,210
Investments in Subsidiary		(358,203)	(244,116)
Realised gains on disposal of shares in subsidiary		-	39,103
Purchase of fixed assets		(94,763)	(247,022)
Purchase cost of goodwill		-	(18,000)
Net cash used in investment activities		(452,966)	(460,825)
Financing activities:			
Loans received during the period		1,087,757	353,259
Repayment of loans		(481,898)	(194,296)
Interest expense		-	(804)
Dividends paid		(19,134)	-
Net cash provided by financing activities		586,725	158,159
Net (decrease)/ increase in cash balances		(62,242)	51,446
Net cash balance at beginning of period		247,572	196,125
Net cash balance at end of period		185,330	247,572
Represented by:			
Cash & cash equivalents		185,330	265,521
Bank overdraft		-	(17,949)
Net cash and cash equivalents at end of period		185,330	247,572

Notes to the Unaudited Financial Statements

Nine (9) Months Ended September 30, 2018

1. **IDENTIFICATION AND PRINCIPAL ACTIVITIES**

Derrimon Trading Company Limited ("the Company") is a company limited by shares, incorporated and domiciled in Jamaica. Its registered office is located at 233 and 235 Marcus Garvey Drive, Kingston 11. The principal activity of the Company is distribution of bulk household food items inclusive of meat products. The Company also distributes branded products on behalf of a major global corporation. In 2009, the Company purchased the assets of a wholesale distribution company and continued to operate from its original location at 233 Marcus Garvey Drive, Kingston 11.

The Company maintained the entity's trading name, Sampars Cash & Carry as well as its operating Outlets: Sampars Outlet Washington Boulevard at 8-10 Brome Close, Kingston 20; Sampars Outlet West Street at 60 ½ West Street, Kingston; Sampars Outlet Mandeville at 26 Hargreaves Avenue Mandeville; Sampars Old Harbour at 3 Ascott Drive, Old Harbour, St. Catherine, Sampars St. Ann's Bay at 3 Harbour Street, St. Ann's Bay, St. Ann, and Sampars Cross Roads, 1-3 Retirement Road, Kingston 5 and Select Grocers at Shop # 15, Upper Manor Park Plaza, Constant Spring Road, Kingston 8.

Effective December 17, 2013, the Company's shares were listed on the Junior Market of the Jamaican Stock Exchange.

2. **BASIS OF PREPARATION**

Statement of Compliance

The financial statements of Derrimon Trading Company Limited have been prepared in accordance with and compliance with International Financial Reporting Standards (IFRS) under the historical cost convention, as modified by the revaluation of certain financial assets. The same accounting policies and methods of computation are followed in the unaudited financial statements as were applied in the audited financial statements for the year ended December 31, 2017.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates.

2. BASIS OF PREPARATION (continued)

The arears involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are noted below:

Critical Accounting Estimates and Judgements in Appling Accounting Policies.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below and have been consistently applied for all the years presented.

a) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

b) Allowance for losses

In determining amounts recorded for allowance for losses in the financial statements, management makes judgments regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from accounts receivable and other financial assets from conditions such as repayment default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired assets, including the net realizable value of underlying collateral, as well as the timing of such cash flows. The adequacy of the allowance depends on the accuracy of these judgments and estimates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Basis of consolidation of divisional accounts

Transactions are eliminated on consolidation of divisional accounts. Inter-divisional transactions among the different business units and segments are undertaken at cost and there is no gain or loss on these transactions. Sales and receivables balances are eliminated at the end of the reporting period.

d) Comparative information

Comparative figures have been reclassified, where necessary, to conform to changes in presentation in the current year.

e) Segment reporting

An operating segment is a component of the Company:

a. That engages in business activities from which it may earn revenues and incur expenses (including intra-company revenues and expenses),
b. Whose operating results are regularly reviewed by the Company's Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and
c. For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year. Management considers the Company to have three (3) (2016- two (2)) strategic business units which offer differentiated volume and price to its customers.

The primary operating segments (reportable business units) are:

Distribution (Household products, detergents and bulk foods);
Wholesale (Trading outlets and supermarkets); and
Other Operations (Manufacturer of Flavours and Fragrances)

Financial and other transactions between business units have been eliminated where necessary in preparing these consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Segmental Financial Information

	The Group 2018			
	Distribution	**Sampars Outlets**	**Other Operations**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Revenue from external customers	2,815,137	3,198,383	326,074	6,339,594
				-
Depreciation	14,768	21,405	2,727	38,900
				-
Current Liabilities	1,053,847	462,987	29,500	1,546,334
				-
Current Assets	1,654,346	559,541	439,021	2,652,908

	The Company 2018		
	Distribution	**Sampars Outlets & Select Grocers**	**Total**
	$'000	**$'000**	**$'000**
Revenue from exteernal customers	2,815,137	3,198,383	6,013,520
			-
Depreciation	14,768	21,405	36,173
			-
Current Liabilities	1,053,847	462,987	1,516,834
			-
Current Assets	1,654,346	559,541	2,213,887

f) Valuation of property, plant and equipment

Items of property, plant and equipment are measured at cost, except for certain plant and equipment and freehold land and buildings which are measured at valuation, less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self- constructed assets includes the cost of material and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

The market value of freehold land and building is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm’s length transaction considering its existing condition and location. The market value of plant and equipment is estimated using depreciated replacement cost approach. Gains or losses arising from changes in market value are taken to capital reserve.

g) Depreciation and amortization

Property, plant and equipment are stated at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Depreciation is calculated on the straight-line basis at such rates that will write off the carrying value of the assets over the period of their estimated useful lives. Each financial year, the depreciation methods, useful lives and residual values, although consistently applied are reassessed to ensure that the assets are fairly stated. Annual depreciation rates are as follows:

Furniture, fittings & fixtures	20%
Machinery & equipment	10%
Motor vehicle	20%
Computers	33 1/3%
Buildings Leasehold improvements	2.5%
Leasehold improvements	2.5%
Goodwill and Intangibles	

Leasehold Improvement is amortized over period of lease. Goodwill and Intangibles are tested annually for impairment or when circumstances and events give rise to a reassessment.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognized in other income in the income statement.

Repairs and maintenance expenditure is charged to the income statement during the financial period in which they are incurred.

h) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of General Consumption Tax, returns and discounts and after eliminating inter-division sales within the Company.

The Company recognizes revenue in the income statement when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company, where the significant risks and rewards of ownership have been transferred to the buyer and specific criteria have been met in relation to the Company's activities as described below:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sale of goods

Sales are recognized upon delivery of products and customer acceptance of the products and collectability of the related receivables is reasonably assured.

Interest income, is recognized in the statement of comprehensive income for all interest-bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments.

i) Foreign currency translation

The financial statements are presented in the functional currency of the Company which is the Jamaican dollar. The Jamaican dollar is the currency of the primary economic environment in which the Company operates.

Transactions and balances

Foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from transactions at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

j) Trade receivables

Trade receivables are carried at original invoice amounts less provision made for impairment of these receivables. The Company’s policy is not to provide credit beyond thirty (30) days. If customers do not comply with the credit terms and limits, supplies are discontinued.

A provision for impairment of these receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the transactions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Business combination

The company applies the acquisition method in accounting for business combination. The consideration transferred by the company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of the assets transferred, liabilities assumed and the equity interests issued by the company.

The company recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognized in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair value.

Any Goodwill, is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognized amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of the identifiable net assets. If the fair values of the identifiable net assets exceed the sum calculated above, the excess amount i.e., gain on a bargain purchase, is recognized in profit or loss immediately.

4. TAXATION

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange on December 17, 2013. Consequently, the Company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least fifteen (15) years:

Years 1 to 5 (December 18, 2013 - December 16, 2018) – 100%

Years 6 to 10 (December 17, 2018 - December 16, 2023) - 50%

5. EARNINGS PER STOCK UNIT

Earnings per stock unit are calculated by dividing the profit for the period by the weighted average number of shares in issue for the period.

6. SHARE CAPITAL

	2018	2017
Authorised:		
8,200,400,000 ordinary shares of no par value		
Issued and fully paid:		
2,733,360,670 (2013 – 1,000) shares net of transaction costs	140,044,436	140,044,436

7. ACQUISITION OF CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED (CFFL)

Control of Caribbean Flavours and Fragrances Limited (CFFL)

The company holds 62.02% ownership in Caribbean Flavours and Fragrances Limited.

	$'000
Amount settled in cash	105,206
Fair value of equity shares issued	
Fair value of contingent consideration	
Total	105,206
Effect of settlement of pre-existing relationship	
Fair value of consideration transferred	105,206
Fair value of previously held investment in CFFL	400,953
Fair value of non-controlling interest in CFFL	78,373
	584,533
Recognised amounts of identifiable net assets:	
Fixed assets, net	15,513
Investments	160,303
Receivables, net	44,044
Inventories	86,800
Prepayments	1,784
Cash and bank	43,203
Taxation recoverable	3,153
Payables and Accruals	(29,061)
Borrowings	(11,997)
Net identifiable assets and liabilities	**313,743**
Intangible assets	**270,790**
Impact of the 13% resale of CFFL shares	(14,267)
Revised intangible assets	256,523

7. ACQUISITION OF CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED (CFFL) (continued)

Consideration transferred

The acquisition was settled in cash of $105,206,436.00. Acquisition related costs amounting to $13,079,751.79 by Derrimon Trading Company Limited have been recognized as an expense in the consolidated statements of comprehensive income, as part of other expense.

Previously held investment in CFFL

On the acquisition date, the company's 49.02% investment in CFFL, previously accounted for as investment in associated company using the *equity* method, was remeasured to fair value and a gain of $206,349,389.60 was recognized in profit or loss. This is presented as a separate line item in the consolidated statement of comprehensive income. The previously held investment is considered part of what was given up by the company to obtain control of CFFL. Accordingly, the fair value of the investment is included in the determination of any goodwill, after separate recognition of identifiable intangible assets.

Non-controlling interest in CFFL

The non-controlling interest in CFFL is measured at the present ownership instruments' proportionate share in the recognised amounts of CFFL's identifiable net assets i.e., 37.98%.

Identifiable net assets

At the acquisition-date, the company's best estimate of fair value for the identifiable net asset was the carrying value in CFFL.

Goodwill and Intangible assets

The intangible assets recognized on acquisition relates to CFFL's management and staff expertise in preparing and processing the specialized formulae for the creation of the various flavours and fragrances.

Changes in goodwill

The reconciliation of the carrying amount of goodwill is as follows:

7. ACQUISITION OF CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED (CFFL) (continued)

	2018	2017
	$ '000	$ '000
Cost		
At 30 June 2018	15,220	15220
Additions	18,000	18000
Acquisition of business	33,220	33,220
Balance as at 30 September 2018	33,220	33,220
Accumulated Impairment		
At 30 June 2018	0	0
Balance as at 30 September 2018	0	0
Carrying amount at the end of the year	33,220	33,220

DERRIMON TRADING

SHAREHOLDINGS OF TOP TEN (10) STOCKHOLDERS, DIRECTORS AND SENIOR OFFICERS AS AT SEPTEMBER 30, 2018

Top (10) Stockholders	Number of Shares Held
Derrick Cotterell	1,115,000,000
Manwei International Limited	419,998,240
Monique Cotterell	400,000,000
Ian C. Kelly	158,415,169
Estate of E. Cotterell (Deceased)	100,000,000
Winston Thomas	72,351,180
Sagicor Pooled Equity Fund	58,756,920
Nigel Coke	48,247,160
JCSD Trustee Services - Sigma Venture	36,962,100
Sharon Harvey-Wilson	29,163,580

Directors	
Derrick Cotterell	1,115,000,000
Monique Cotterell	400,000,000
Ian C. Kelly	158,415,169
Winston Thomas	72,351,180
Earl Anthony Richards	5,000,000
Alexander I. E. Williams	1,000,000
Paul Buchanan	424,820

DERRIMON TRADING

SHAREHOLDINGS OF TOP TEN (10) STOCKHOLDERS, DIRECTORS AND SENIOR OFFICERS AS AT SEPTEMBER 30, 2018 (continued)

Senior Officers	Number of Shares Held
Sheldon Simpson	2,450,000
Craig Robinson	120,000